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Doesn't Anybody Pay Any Attention to the President?

Mr. Khrushchev, so I am told, was willing as a guest to humor our quaint idea that we have two distinct political parties. But when he was given a curt welcome at the Los Angeles airport by a Mayor who was a Republican, he was ready to pack up and go home. It took Mr. Lodge many hours to persuade Mr. Khrushchev that though Mr. Eisenhower was a Republican President, he had no power over Republican Mayors. Even this confusing introduction to the anarchistic vagaries of the American political system can hardly have prepared Mr. Khrushchev for the turn—or perhaps it would be better to say, lack of turn—in U. S. foreign policy in the wake of his visit. He must begin to wonder just what Mr. Eisenhower *does* control in this country beyond the right to take foreign visitors on free helicopter rides.

Surely the Russians cannot be blamed for expecting some resemblance between the policies of a Republican President and those of a Republican National Committee. But the report just released by the latter on National Security and Peace reads as if it were written by Dean Acheson. It puts foreign policy back in bi-partisan deep freeze. Indeed the Vice Chairman of the "Task Force" (a term borrowed appropriately from the Pentagon) which prepared it is Professor Lev E. Dobriansky of Georgetown University, that same fantastic spokesman for Ukrainian Nationalism who sold Acheson the idea that the cold war must go on until the Russians had been rolled back to the original Muscovy of 500 years ago.

Atomic Survival by Do-It-Yourself Kit

While the President and the Soviet Premier agreed that war was now mutual suicide, the Republican National Committee "firmly believes that our civilian population, the innocent victims of modern warfare, can survive an attack if a fully adequate program of civil defense is undertaken immediately"—but at private not public expense. The President has thrown his influence on the side of those who want an end of nuclear testing but his party's national committee thinks "the risks we may incur from such tests are far less dangerous, and affect far fewer people, than the risk of permitting Communist military superiority", but is willing to concede that in the absence of an agreement "wherever possible, testing should be confined to underground experiments." The Republican report complacently asks us to be "prepared for a world where Communist China, as well as many other nations, will have a full range of nuclear weapons," but is against recognizing it or admitting it to the UN lest it gain "international respectability and prestige." This is to treat the UN as a club.

Our Cold War Delegation to the UN

Inertia seems to be a prime principle of politics as well as physics. It is difficult to push any organization out of its accustomed rut. Our State Department rolls along as if not only John Foster Dulles but Josef Stalin were still alive. It picks for our delegation to the United Nations labor leaders like Meany, Congressman like Zablocki and China Lobby heroes like Walter Robertson, men calculated to undercut everything the President has been trying to do in the way of —as he put it—melting the ice a little. A glimpse of their activities was afforded by the luncheon clash between Robertson and a Filipino diplomat at the UN who "remarked", according to the Associated Press account in the *Washington Post* of October 2, "that he thought some Asian nations were reluctant to get into any full-scale debate on Tibet, on the ground that that would bring cold war issues into the Assembly at a time when East-West tensions were beginning to relax." Robertson has also presided over the folly of rounding up votes to keep Poland off the Security Council, though Poland's election would strengthen its ability to pursue its partially independent course, and the seat properly belongs to Eastern Europe.

A Doctrine Made to Order for Trouble-Makers

It is a pity that the Chinese can read English. Developments here and Mr. Herter's press conference last week must make them think Mr. Khrushchev was touched in the head when he tried so eloquently (as Mr. Herter admitted) to convince Peking that the U. S. was ready for more peaceful relations. When this correspondent asked the Secretary under what circumstances we might recognize Communist China, Mr. Herter wouldn't say that the U. S. would do so even if all our grievances were rectified. This will hardly encourage Peking to be conciliatory. Mr. Herter recognized that Mr. Khrushchev seemed to have great difficulty in swinging Peking over to his line but at the same time he enunciated a doctrine which attributes to Moscow "a degree of responsibility" for all that happens in the Soviet bloc. But the degree—like U. S. influence in the "free world"—varies from country to country and from situation to situation. Unfortunately the qualification, which begs the question, is easily forgotten, and the view may easily degenerate into an oversimplification which could poison relations by crediting Moscow with omnipotence and equating China with Albania as satellites. Such a view is made to order for trouble-makers out to blame on Moscow their own provocations in far places like Laos and Cambodia while luridly portraying as "subversion" (see page 4) the natural stirrings in underdeveloped areas. This way lies CIA melodrama.

Perhaps the most abnormal of situations in a world full of them is a President unable to make his own party and Administration follow his direction.

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Another Hot Spot Which Must Make Peking Dubious of U. S. Sincerity on Peace

Putting the Spotlight on the Trouble Brewing Over Cambodia

Cambodia is another of those far countries in which our military and intelligence agents do pretty much as they please. It is in such areas that wars can be hatched. We invite attention to it because trouble is brewing there now, and because to see Cambodia as it must appear from Peking is a useful mote-in-our-own-eye exercise.

Cambodia is one of the three independent countries created by the Geneva accords of 1954 which ended the war in French Indo-China. Cambodia has an ancient history and a curious present; its dominant political figure is Prince Norodom Sihanouk who gave up the throne to head a Popular Socialist party and become Prime Minister. He is a shrewd man who has made neutralism pay by getting aid from China and Russia on the one hand and the U. S. and France on the other. The result of this competition, incidentally, is that our aid program in Cambodia is said to be one of the best in Asia.

A Pledge We Have Not Honored

The U. S. under the direction of John Foster Dulles disliked the Geneva accords on Indochina, declined to take part in the conference which ended that war, but pledged itself reluctantly not to upset the settlement. This pledge has not been honored. For a long time we seem to have been giving covert encouragement to forces from neighboring South Viet Nam and Thailand which have been trying to overthrow Sihanouk's neutralist regime.

Early this year an attempt to overthrow Sihanouk was thwarted when Communist and Western embassies in the capital tipped the plot. But when *Realites Cambodgiennes*, (a Cambodian French language weekly available at the Library of Congress) asked the Prince (issue of Jan. 24) whether the U. S. Embassy was among those which helped him, he replied "Although our American friends have a very active and richly endowed intelligence service, with assured facilities in our neighbors of the West and East. [i.e. Thailand and South Viet Nam] they did not think it their duty to inform us, thus allowing many of our compatriots to doubt their impartiality."

On February 26 Prince Sihanouk called in all the Ambassadors in his capital and laid before them the evidence that this plot was financed and armed from South Viet Nam, a U. S. satellite. On March 2 the Ambassador of South Viet Nam was recalled on the request of the Cambodian government.

All the Opium That's Fit to Smoke Dept.

"Peiping's tacit support of the assault on Laos is best expressed by the repeated objection to the supposititious 'intervention' of the United States on behalf of 'imperialism.' And Red China has just increased the pressure on Cambodia."

—New York Times editorial, Oct. 5.

Pnom Penh, Cambodia, Oct. 2—Sixteen men have been sentenced to death here for alleged complicity in a plot last February to create a rebel government in Cambodia . . . the Cambodian Prime Minister, Prince Norodom Sihanouk, accused Siam and South Viet Nam of using U. S. arms and money to plot the overthrow of his neutralist regime."

—The London Times, Oct 3.

Then last August 31 there was an attempt to assassinate the King and Queen of Cambodia with a bomb which killed Prince Norodom Vakrivan, assistant director of the royal household. The government charged that this, too, was "plotted from abroad."

In Cambodia, as in Laos and Viet Nam, the Geneva accord set up an International Commission for Observation and Control made up of a Polish, a Canadian and an Indian member, the latter being the neutral chairman. The existence of this Commission in Cambodia is of some protection to its neutral government. Now the Soviet government in a note to the British government (these two provided the co-chairmen who still preside over the Geneva settlement) accuses the latter of trying to liquidate the Commission in Cambodia. Moscow based its note on a British proposal passed on to it by the Cambodian government. The lame British reply of October 4 was to deny that it proposed the dissolution of the Commission but admit that it suggested the Commission adjourn, subject to recall. This is what happened to the Commission in Laos last year, and it has proven impossible to recall it.

As seen from Peking, these maneuvers must appear a series of attempts to upset a peaceful settlement in neighboring Indochina and to end a successful experiment in peaceful coexistence. Under the circumstances it could not have been easy for Khrushchev to make Mao Tse-tung believe that, nevertheless, our President wants peace.

Some Light on A Neutrality in Cambodia the U.S. Military Disliked

"In Cambodia, King Norodom Sihanouk pursued his own independent course. . . . Sihanouk found himself under American pressure to take advantage of the clause in the Geneva accord which authorized Cambodia to accept foreign military aid if the country regarded itself as threatened. Sihanouk, however, apparently felt that there was no immediate danger and that the country would find greater security in friendship with India and the Colombo bloc, with which it was racially and culturally linked, than in an 'activist' American military policy. . . . His actions, in their own way, were as rude a shock for American policy-makers as the near collapse of Southern Viet Nam.'

—Ellen J. Hammer: The Struggle for Indochina Continues (The Pacific Spectator, Summer 1955).

"We are wedged in between two medium-sized nations of the Western bloc [Thailand and South Viet Nam] and only thinly screened by Laos from two countries of the Eastern bloc, North Viet Nam and the vast People's Republic of China. What choice have we but to try to maintain an equal balance between the 'blocs'? . . .

"I have sometimes been represented to the American public as trying to 'flirt with the Reds.' . . . If I have no particular liking for Communism, neither have I any cause or means to join a crusade—even a moral one—against the nations that have adopted that ideology. . . . It would be absurd to suppose that a tiny country like mine, geographically situated as it is, would risk provoking the Chinese and Soviet colossi. . . . We are not a 'breach' in the Western bloc merely because we cannot be a 'rampart.'"

—Prince Sihanouk in Foreign Affairs (July 1958)

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Documentary: Two Ignored Kefauver Speeches Exposing Mitchell's "Fact Finding" Report

Behind the Steel Crisis: The Real Facts on Productivity and Profits

We can think of no better introduction for our readers to the growing steel crisis than to present here the heart of two little noticed speeches by Senator Kefauver (D. Tenn.) criticizing the distorted picture of steel productivity and profits in Secretary of Labor Mitchell's report to the White House last August.

"Fundamentally, it is the persistent advance in productivity that gives rise to the problem now plaguing us in the steel industry—one which will increasingly confront us in other industries in years to come. This is the problem of how to effect an equitable distribution of productivity gains made possible by progress in non-competitive industries. Both labor and management lay claim to these gains. But the consumer also has a rightful claim to at least part of the benefits made possible by technological progress. In competitive industries the functions of distributing gains is solved automatically by the free play of competitive forces. But where there is no price competition, as in the steel industry, the dividing up of the gains is likely to be resolved as a compromise between two great organized groups—big business and organized labor—with the consumer occupying the unhappy role of the forgotten man. . . .

How the 1959 Picture Was Blurred

"What facts does Secretary Mitchell have to present on this important issue of productivity? Of most interest to those concerned with the present steel dispute is the extent to which productivity has risen in the first half of this year. Here, the Secretary's presentation leaves much to be desired. From the way in which he has presented his findings it is impossible to determine what in fact did happen in the first half of 1959.

"What he has done is to present his facts for prior years *on a calendar year basis,* but for 1959 *on a fiscal year basis.* (Italics in original). Since the rate of productivity advance was relatively low in the recession year of 1958, the combining of the last half of 1958 with the first half of 1959 makes it impossible to compare this latest period against past years with similar operating rates.

"Mr. President, in order that we can have a comparison of the first half of this year against past years I have had prepared a rough index of labor productivity based on data published by the American Iron and Steel Institute. . .

"According to this measure, between 1958 and the first 6 months of 1959, shipments of finished steel products per thousand man-hours increased 19.9 percent in terms of production and maintainance worker man-hours worked, and 26.4 percent in terms of all employee man-hours worked. . . . Even when comparison is between two periods of relatively similar operating rates, the increase in productivity, as revealed by this measure, is substantial.

"Thus the 6-month operating rate in 1959 of 87.8 percent of capacity is quite close to the 84.5 percent rate for the year 1957. Shipments per 1,000 production and maintenance hours worked, however, were 90.1 tons in the current period as compared with 76.8 tons in the earlier year. This represents a gain of 17.3 percent in less than two years. . . .

With the first half of 1959 included, the annual rate of increase is over 4 percent for any period beginning with 1951.

"The increase in labor productivity reflected by these figures, plus the highly satisfactory profits for the first half of the year recently announced by the steel companies, strengthens my conclusion that the steel industry can well afford to make a price reduction and perhaps a modest increase in wages without impairing their ability to make what reasonable men would call reasonable profits."

—Kefauver in U. S. Senate, Aug. 20.

How Sec'y Mitchell's Steel "Fact-Finding" Report Distorted the Profits Picture

"The profit data in Secretary Mitchell's report are presented in the form of charts showing profits as a percent of revenue (or sales) and as a percent of stockholders' equity (or net worth). In the former, the trend is slightly downward and in the latter distinctly downward.

"Except for one chart which includes the year 1940, the trend lines begin with 1947 and end with 1958. The year 1947, of course, was a period of pronounced steel shortages and followed hard on the heels of the repeal of the excess profits tax, the effect of which was of course to result in a sharp rise in profits after taxes. Beginning a trend line in a year such as that and ending it with the recession year of 1958 would almost inevitably produce the impression of a general decline in profits. . . .

"But the principal basis for criticizing the handling of the profit data lies in the fact that the report ignores the effect on profit rates of the level of steel production as a percent of capacity, or the operating rate.

"To show that the industry had a lower profit rate in a recession year, such as 1958, than in a year of high production does not in any way indicate a decline in the industry's profitability. This can only be determined by using methods of analysis which . . . compare profits in two years of roughly similar operating rates.

"I have had prepared a comparison of this type between the first half of 1959 and 1953, both periods of high production . . . for the industry's four largest companies—U. S. Steel, Bethlehem, Republic and Jones and Laughlin.

"In the case of U. S. Steel, its profits per ton more than doubled; its profits as a percent of net worth increased over 60 percent; and its profits as a percent of sales nearly doubled. For the steel industry as a whole, profits as a percent of net worth rose from 11.2 percent in 1953 to 15.0 percent in the first half of 1959. The general showing is therefore not one of decreasing profitability, as might be inferred from the Secretary's report, but of increasing profitability.

"In addition to his failure to relate profits rates to operating rates, Secretary Mitchell also used a statistical measure which significantly understates the level of profits. The industry category which he uses for his profits figures, 'primary iron and steel', includes not only steel companies but . . . foundries . . . they represent about one-fifth of the value of 'primary iron and steel.' Since foundries tend to be highly competitive and have been adversely affected by substitute products, it is not surprising that their inclusion tends to depress the profit rate of the industry. . . . It is unfortunate that in presenting his figures on profits he uses a measure which is biased downward by the inclusion of companies that are not parties to the steel dispute nor even part of the steel industry."

—Kefauver in U. S. Senate, Sept. 1.

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Western Experience Seems Irrelevant Says NPA Report on Competitive Coexistence

Why the Underdeveloped Countries Are Attracted to Communism

The National Planning Association has just released another in its studies of "competitive coexistence"—Communist Economic Strategy: Soviet Growth and Capabilities, *by Alec Nove, a Russian-born British economist, who sees little likelihood of the USSR overtaking the West in living standards or of launching "a devastating all-out trade-and-aid drive." While these conclusions made headlines, little attention was paid to his analysis of why the underdeveloped countries are attracted to Communism. This is a problem which cannot be solved by military threats. We think his analysis—excerpted below—should be required reading at the Pentagon. (The pamphlet can be obtained for $2.25 from the NPA at 1606 New Hampshire Avenue, N. W., Washington 9, D. C.)*

"There is a tendency in some quarters to view the Soviet danger in terms of some specific actions—military, 'economic penetration', etc.—by the USSR and her allies. Yet an important part of our difficulties arises from the psychological effects of Soviet achievements on the climate of opinion in underdeveloped countries. . . . They generally wish to stimulate economic development, especially industrialization, so as to reduce poverty and to raise the status of their country. But they face a number of obstacles:

"1. The social and often also the political structure belongs to a pre-industrial age and acts as a brake on development. For instance, the few possessors of great wealth are not generally disposed to use it for productive investment.

Can They Vote Away Superstition?

"2. The bulk of the people are generally illiterate and politically helpless, and/or in the grip of ancient superstitions. Democratic forms, where they exist, seem quite ineffective as a means of securing changes necessary for modernization. It is like expecting a population brought up on witch-doctors to vote for modern medicine. . . .

"3. Industrialization of a peasant country, by methods which the West regards as normal, causes acute difficulties in the purely economic field. The beginnings of industrialization lead to a large increase in imports (for instance of machinery and chemicals), and a continuing burden of interest on foreign loans. A growing urban population meanwhile absorbs more food and raw materials and reduces the exportable surplus. . . . The result is a balance of payments crisis which painfully restricts the growth of the economy.

"It is apt to cite here the words of Professor Simon Kuznets: 'The most serious obstacle to the rapid spread of the industrial system is one which it shares with many major innovations: It means a marked break in established patterns of social and economic life; it destroys established interests. . . . In short, it is a thorough-going revolution, in the full sense of the word.' It is in this context that the political appeal and the force of Russia's example must be seen. . . .

"For all these reasons thoughtful men in underdeveloped countries are often predisposed toward radical, revolutionary solutions, and see no hope in gradualism. Democracy means little to them, respect for existing interests or for existing popular prejudices appears to be the negation of progress. Russia, they argue, was one of us and has become a great industrial power. . . . The experience of Western countries seems simply irrelevant. . . . All this gives the Soviet bloc a strong psychological-political advantage, even if no 'penetration' of the familiar kind is occurring.

"The political advantage is much enhanced by actions of the West when, with immediate strategic aims in mind, we underpin the existing regimes in many of these countries. . . . Russians do not fail to point out that there is no tyrant so bloodthirsty and so obscurantist who would not be supported by the United States, provided he took the correct anti-Soviet posture. . . ."

To Mrs. Roosevelt

To Eleanor Roosevelt, First of all First Ladies, we extend warmest greetings on her 75th birthday, grateful for her unwearied goodness, awed by her energy, inspired by her enduring devotion; the oppressed have always looked to her as a champion; the benighted have ceased to hate her; we count ourselves among the millions who love her, and hope their affection may keep her shining presence with us for many years to come.

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